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SBA

Business Basics

Employee Relations and Personnel Policies

**A Self-Instructional Booklet
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**U.S. Small Business Administration
Office of Management Assistance**

SBA 1.19:

GUIDESHEET

EMPLOYEE RELATIONS/PERSONNEL POLICIES

INTRODUCTION

This booklet is part of a series intended to help small businesspeople increase their knowledge of, and skills in, various aspects of business management. Other booklets in the series may be obtained from the nearest Small Business Administration field office.

Employee Relations/Personnel Policies looks at the elements that make up a sound employee relations program. It covers the following topics:

- administrative personnel procedures
- supervisory practices
- effective delegation
- positive discipline
- grievance handling
- communications in personnel
- governmental regulations

As a result of completing the booklet, the small businessperson should:

1. Be more able to develop administrative personnel procedures which benefit both employees and the business.
2. Be able to improve human relations practices, including the way projects are delegated.
3. Become better able to assure positive and effective discipline.
4. Become more aware of ways to prevent employee grievances and more effectively deal with grievances that do arise.
5. Be able to establish improved communication throughout the business.
6. Become more aware of governmental personnel administration regulations.

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Carol Corcoran, who manages a deli, was heard complaining one day, "What am I going to do about help these days? I hire two young ladies to work behind the counter, and less than one week after they begin working, Lori starts asking for time off so she can go to the shore with her boyfriend. How can I give her time off, without being unfair to the other girl? I certainly can't afford to give both girls time off."

In another town, George Zimmerman who manages a small asphalt plant was having more serious problems. "The last time Joe and Bill came they complained about the shop conditions - too sloppy and dirty - I had everybody clean up and we have kept the place cleaner since then. Now they want the walls painted. I can't do that; the next thing they'll want is airconditioning. You can't satisfy people nowadays."

Both these situations involve personnel policies and the types of decisions which every owner/manager has to make.

OVERVIEW AND PURPOSE

This particular booklet should help you to improve your personnel policies so that you will have a more effective work force. Specifically it should help you:

- o improve your personnel administration procedures
- o improve the human relations practices, including the way projects are delegated
- o assure positive and effective discipline
- o enhance your ability to prevent employee grievances and to handle those that do arise
- o establish improved lines of communication as a foundation for higher employee morale
- o assure that your business adheres to all governmental rules and regulations pertaining to personnel administration

FORMAT

The information in this booklet is presented in a unique way. For example, following each key thought will be a question or series of questions to which you will be asked to respond. These questions will require you to restate the key points described in the paragraphs immediately preceding the question. In each case, you should write a few notes on how you would respond to the question directly on the page in the space provided so you will have it as a permanent record for review. NO NEED TO WRITE COMPLETE SENTENCES - just a few words to indicate your thoughts. A good answer to each question will be given in the box on the first even numbered page which follows the question. Your answers need not match the booklet answers exactly.

It will, of course, do you little good to look ahead at the answers before writing out your own. The whole purpose of this type of learning format is to give you a chance to see whether you clearly understand and remember the information by writing it out before you check the answer.

In addition to the questions, you will be asked to work on several on-the-job activities. These will be brief suggested assignments which will give you a chance to apply one or several of the concepts discussed in the booklet to actual work situations in your own firm. If possible, you should discuss these assignments with someone whom you consider knowledgeable in personnel work so you can benefit from any ideas which come up.

It is important to note here that this booklet is not intended to provide you with exhaustive information or thorough training in relating to and managing employees. Nor is the booklet designed to tell you how to run your business. Rather, the booklet is intended only to increase your knowledge and skills in the area of personnel management by reviewing some basic practices that are appropriate for use in small firms. They can easily be modified to best serve the needs of your own firm.

INTRODUCTION

There are many ways to manage people. The manager can be strict or rigidly enforce rules. Communications can be one-way from boss to employee. The job might get done, but with fairly high turnover, absenteeism and low morale.

Or the owner can make an extra effort to be a "nice guy" to everyone on the payroll. This may lead to reduced adherence to the rules, and employees may argue when they are asked to do work they do not like. Controlling the daily operation of the business may become more and more difficult. The business may survive, but only with much lower profit than if the owner followed more competent personnel policies. But there is another way. A way where employees can feel a part of your business, where manager and employee can communicate effectively with each other, where rules are fair and flexible, yet enforced with positive discipline. The job gets done efficiently and profitably, and the business does well.

People are your most important asset. What is the dollar-and-cents value of good working relations with your staff? Have you calculated what percentage your payroll is of total operating expenses? What are the costs of selecting, training, and replacing your employees? What labor turnover is the result of employee dissatisfaction? In terms of the output and the growth of your business, what is the real money value to you of a highly motivated and loyal work force?

Looking carefully at the answers to questions like these can help you develop a sound employee relations program.

Large companies have a separate personnel department. Most managers of a small business view this "personnel function" as just part of the general job of running a business. It is good practice, though, to think of your personnel function as a distinct and separate part of your responsibilities - only then will you give your personnel responsibilities the priorities they deserve.

The personnel function is generally considered to include all those policies and administrative procedures necessary to satisfy the needs of employees. Not necessarily in priority order, these include:

1. Administrative personnel procedures.
2. Supervisory practices based on human relations and competent delegation.
3. Positive discipline.
4. Grievance prevention and grievance handling.
5. A system of communications.
6. Adherence to all governmental rules and regulations pertaining to the personnel function.

ADMINISTRATIVE PERSONNEL PROCEDURES

Favorable employee relations require competent handling of the administrative aspects of the personnel function. These include the management of:

- o work hours
- o the physical working environment
 - facilities
 - equipment
- o payroll procedures
- o benefit procedures, including insurance matters, and vacation and holiday schedules

Work Hours

Work hours must meet the needs of the business but should also be flexible enough to take the personal needs of each employee into account. For example, it may be possible to set business hours from 8:00 a.m. to 6:00 p.m., and allow most people to choose any regular work day within those hours. It may not even be necessary for everyone to work the same total hours per week. You might let some employees work a shorter week to fill peak

loads or to keep the business open for more than eight hours a day. In any case, allowing some flexibility in working hours will not only result in increased employee satisfaction, but will likely lead to greater productivity as well.

No matter how flexible working hours are, however, it is important that each employee understand the hours to be worked. Often a simple chart of names and work hours is all that is needed to assure that everyone knows at a glance, who is working when.

The Physical Working Environment

Conditions of facilities and equipment can greatly affect the attitudes of employees. The temperature, lighting and cleanliness in and around the working area and the general maintenance of equipment are all important to an employee's satisfaction on the job. Even a draft or a cold floor can make a difference in a person's perception of you as a good employer.

Employees need facilities for lunch, especially if there are no restaurants or delicatessens in the area. Good employee practices suggest that a refrigerator, a sink, and even a small employee lunch area for breaks and lunch hours should be available.

Clean toilet facilities and a personal locker or adequate closet space for clothing of employees are a necessity and required in most states. Parking arrangements are also important. When an employee comes to work and finds no parking place, and has to look for one, possibly for some time, he or she will not start the day ready for high achievement. When it is necessary to ask employees to park fairly far away - such as in a shopping mall where the better parking spaces have to be reserved for customers, the need for this inconvenience should be clearly explained to employees when they are first hired.

Fairness in assigning people to equipment, or equipment to people is another important procedural matter which affects the satisfaction your people gain from their work. It is no slight matter if the new vehicle or the new typewriter is assigned carelessly, without good reason.

Individually, each of these aspects of working conditions can be significant sources of complaints and even grievances. Together they have great influence on the work climate that exists in your firm. Unless you consider all of them seriously, and keep the needs of your employees in mind, your employees will feel that you have little regard for their physical well-being.

Payroll Procedures

Wages and salaries are such important matters to employees that it is not only important to pay fairly, but also promptly and accurately. How to set compensation fairly is covered in another booklet and will not be discussed here.

People want to receive their pay when they have been told to expect it. Your staff reacts favorably, not only to prompt payment, but to the immediate correction of any errors that may have occurred. Employees are rightfully annoyed if their legitimate requests are treated as impositions. Cheerful attention to such problems will generally be appreciated especially if it is clear evidence of a spirit of concern for the employee's welfare. An opportunity to show such concern presents itself every so often when a minor emergency will force someone to ask for his or her pay a day or two early. If it is at all possible, and the emergency is valid, it brings goodwill to satisfy such a request. When such exceptions are granted, however, it should be made clear, in a nice way, that they cannot become regular practice.

Benefit Procedures, Including Insurance Matters, and Vacation and Holiday Schedules

A benefits program brings the best results when employees who have claims are helped with filing them and if someone follows up when an insurance company does not process the claim promptly. Information on benefits should, of course, be provided to employees, from time to time.

Vacation time, too, is important to employees. Some have to co-ordinate with spouses, others take advantage of special travel offers or other opportunities. As much as possible, good personnel policies require that vacation schedules are prepared early during the year so employees who want to make plans find out whether their preferred dates are available. You can, of course, specify that you will close certain weeks or that, at all times, certain positions have to be covered (two salespeople have to be on the floor at all times, or someone has to be in the shop who can weld, or someone has to cover the telephone, etc.).

To prevent conflicts from affecting business performance, it should be understood how they will be resolved - by who asked for a date first or by seniority or some other way.

What applies to vacations also applies to holidays, to some extent. Your company's paid holidays should be well known to the entire staff, of course. Here, too, flexibility could be used. If you are in a business which is open during some holidays, schedules should be prepared far in advance so everyone knows who is expected to work and who will have the day off. If your business can be flexible, it is a good idea to let people shift holidays if they would prefer to do so, or even allow them to work and earn an extra day's pay. Here, as in all other personnel functions, it is better to adopt flexible policies which give great freedom to employees to satisfy personal needs. With such flexibility in the personnel function, a business can be much more insistent that rules and work standards be adhered to. This is a fair arrangement. In personnel policies, the company tries to do the best possible to adapt to the needs and expectations of people. In return, employees are expected to honor the company's need for reliability, adherence to reasonable rules, schedules and work standards-all of which have to be clearly communicated by words and deeds.

1. *Define the personnel function and why it should be viewed by owners/managers of small businesses as a separate function.*

Your Answer: (Remember, in this question, as well as in future ones, there is no need to write complete sentences - just key words on how you are answering the question. A good answer is on page 8.)

2. *What are the major administrative procedures which are part of personnel administration procedures?*

Your Answer:

Book Answer

1. *The personnel function includes the administrative policies and procedures necessary to satisfy the needs of your organization. If the personnel function is thought of as a separate and distinct function, personnel responsibilities will be given the priorities they deserve.*
-

Book Answer

2. *Personnel administrative procedures include:*

- *flexible work schedules*
 - *a physical work environment which is as clean and neat as possible and provides as much comfort as efficient operations permit*
 - *prompt and efficient payment procedures*
 - *benefit program procedures which assure prompt payment of claims, and vacation and holiday schedules that meet the needs of employees as well as those of the business*
-

SUPERVISORY PRACTICES AND THE PERSONNEL FUNCTION

If an employee's job satisfies his or her needs, the employee responds more favorably to the job. This may happen, for example, when an employee is given the responsibility for managing the office on his or her own, and is recognized for doing it well. Or it may occur when a sales representative is assigned full responsibility for developing new business as well as maintaining existing customers in a territory and is recognized for the accomplishment. Such employees tend to take their responsibilities seriously, act positively for the firm, and are absent from work only rarely.

The key point is that when a job satisfies needs, the employee may bring greater commitment to the job.

Some needs common to all individuals are basics like food, shelter, and security for the future. Normally a fair wage level and a feeling of security that the job will continue, tend to satisfy these needs. Such needs, however, can be satisfied in most jobs today, and they do not alone evoke heavy commitment by employees to your firm.

Other needs must also be satisfied. Most of these are related to:

- a. the firm's personnel practices such as complaint handling or vacation scheduling
- b. working conditions
- c. supervisory practices such as discipline, or the way instructions are given, and
- d. total compensation, including benefits practices.

If what the firm provides in any of these aspects is seen by the employees as much poorer than what other firms in the area provide, dissatisfactions will result. On the other hand, improvements above an acceptable level generally do not bring about greater employee commitment in the long run.

For example, total disregard for employee complaints (personnel practices) can lead to serious problems for the firm. When employee complaints are handled well, serious problems tend to be precluded from developing but there is no major gain in deep employee commitment to the job.

What then does bring about a serious commitment to the job and firm? Before this question is discussed, review what has been said so far by responding to the following.

3. *Basic needs of individuals generally are met by what conditions?*

Your Answer:

Book Answer

3. *Comparable or fair wage levels and expectation that the job is secure, both from the employee's viewpoint.*

4. *Identify three of the four aspects of personnel management that require a satisfactory level of operation to prevent serious employee problems.*

Your Answer:

There are five factors that generally cause a deep commitment to job performance for most employees. These are:

1. The work itself - to what extent does the employee see the work as meaningful and worthwhile?
2. Achievement - how much opportunity is there for the employee to accomplish tasks that are seen as a reasonable challenge?
3. Responsibility - to what extent does the employee have assignments and the authority necessary to take care of a significant function of the organization?
4. Recognition - to what extent is the employee aware of how highly other people value the contributions made by the employee?
5. Advancement - how much opportunity is there for the employee to assume greater responsibilities in the firm?

These five factors tend to satisfy certain critical needs of individuals:

1. One need is the feeling of being accepted as part of the firm's workteam.
2. Another need is for feeling important - that the employee's strengths, capabilities and contributions are known and valued highly.
3. A third need is for the chance to continue to grow and become a more fully functioning person.

If the kinds of needs just described are met by paying attention to the five factors previously listed, an owner/manager will have taken significant steps toward gaining the full commitment of employees to job performance. To do this, several practical strategies can be used, such as:

- o establishing confidence and trust with your employees through open communication and the development of sensitivity to employee needs
 - o allowing employees participation in decision-making which directly affects them
 - o helping employees to set their own work methods and work goals, as much as possible
 - o praising and rewarding good work as clearly and promptly as inadequate performance is mentioned
 - o restructuring jobs to be challenging and interesting by giving increased responsibilities and independence to those who want it, and who can handle it
5. *Name four of the five factors that generally meet employee's needs in ways that result in job commitment.*

Your Answer:

Book Answer

4. 1. *Personnel practices such as complaint handling or vacation scheduling.*
 2. *Working conditions such as cleanliness or lighting.*
 3. *Supervisory practices such as discipline or giving instructions.*
 4. *Compensation and benefit practices including health insurance or automobile use.*
-

Book Answer

5. *The five factors are:*
 1. *The work itself (meaningful or worthwhile work).*
 2. *Achievement (reasonable challenges that are accepted and overcome)*
 3. *Responsibility (assignments with authority to act in a significant function)*
 4. *Recognition (awareness of the value others place on their contributions)*
 5. *Advancement (opportunity to assume greater responsibility)*

Any four statements that are close to, or part of, the five shown here would be a good answer. Did you notice they all are related to the job itself rather than surrounding factors like working conditions, personnel policies or compensation?

6. *Recall and list four practical strategies that can be used to invite employee commitment to job performance.*

Your Answer:

Good Delegation

One practical way to work on these strategies is to practice good delegation.

Simply defined, delegation is the granting of authority and independence to another person to complete a project. It must be understood that with the authority to do a job, comes the responsibility to get it done.

A manager who practices good delegation automatically also makes use of the strategies which bring greater commitment on their part.

A second benefit of good delegation - one not related to the personnel functions - lies in the opportunity it gives you to spend more of your time on important work which you cannot delegate.

For all these reasons, delegating work and responsibility can be very beneficial to you and for your company. But to be effective, delegation must be used with some caution. Before delegating a project, you, as the manager, must first answer two questions:

1. To whom should projects be delegated?
2. What kind and how much work and responsibility can be delegated to this person?

It is important to understand that delegation involves projects which include significant decision making. If your employee is not given the responsibility to make decisions, it is not delegation. The assigning of routine and repetitive work does not bring the benefits which delegation can bring and therefore is not part of the strategy for achieving a climate that brings greater commitment by employees.

Work assignment, even though the employee is asked to perform a specific task as assigned, also has the potential to add to the positive climate - when it is fair and takes employee preferences into consideration. This, obviously, is difficult to do all the time, but if employees are given as much of a voice in deciding who should receive non-regular work assignments, good ones as well as undesirable ones, then these assignments are likely to have a beneficial impact on morale.

Book Answer

6. - confidence and trust of employees can be developed through attention and sensitivity to their needs
 - allowing employees to participate in decisions that affect them
 - helping employees to set their own work methods and work goals as much as possible
 - praising and rewarding good work as clearly as inadequate performance is mentioned
 - restructuring jobs to be challenging and interesting
-

Delegating work to an employee who is not ready to accept the responsibility can have two negative effects:

1. The job will not get done or not be completed on time.
2. The failures that result from ineffective delegation will have an understandably bad effect on the affected employee.

When delegating, it is good to always remember that effective delegation of work is not giving up all your authority. The delegate should have a fair amount of freedom, but the manager must retain some control. This will insure that the project is satisfactorily completed.

7. What is the distinction between delegation and assignment?

Your Answer:

8. What are two negative effects of delegating work to an employee not ready or willing to accept the responsibility?

Your Answer:

POSITIVE DISCIPLINE

The word discipline carries with it many negative meanings. It is often used as a synonym for punishment. Yet discipline is also used to refer to the spirit that exists in a successful ball team where team members are willing to consider the needs of the team as more important than their own.

Positive discipline in a business is an atmosphere of mutual trust and common purpose in which all your employees understand the company rules as well as the objectives, and do everything possible to support them.

Any disciplinary program has, as its base, that all of your employees have a clear understanding of exactly what is expected of them. This is why a concise set of rules and standards must exist that is fair, clear, realistic and communicated. Once the standards and rules are known by all employees, discipline can be enforced equitably and fairly.

A good set of rules need not be more than one page, but prove essential to the success of a small business. A few guidelines for establishing a climate of positive discipline are given below:

1. There must be rules and standards, which are communicated clearly and administered fairly.
2. Rules and standards must be reasonable.
3. Rules should be communicated so they are known and understood by all employees. An employee manual (see page 27) can help with communicating rules.
4. While a rule or a standard is in force, employees are expected to adhere to it.
5. Even though rules exist, people should know that if a personal problem or a unique situation makes the rule exceptionally harsh, the rule may be modified or an exception be granted.

Book Answer

7. *Delegation involves projects which include significant decision making. In work assignment, the supervisor has made all the important decisions and the employee merely does the work.*
-

Book Answer

8. *The two negative effects of delegating work to an employee not ready or willing to accept the responsibility are:*
1. *The job won't get done, or won't be completed on time.*
 2. *Ineffective delegation may lead to employee failure which will have an understandably bad effect on morale.*
-
6. There should be no favorites and privileges should be granted only when they can also be granted to other employees in similar circumstances. This means that it must be possible to explain to other employees, who request a similar privilege with less justification, why the privilege cannot be extended to them in their particular situation.
7. Employees must be aware that they can and should voice dissatisfaction with any rules or standards they consider unreasonable as well as with working conditions they feel hazardous, discomforting or burdensome.
8. Employees should understand the consequences of breaking a rule without permission. Large companies have disciplinary procedures for minor violations which could apply equally well in small companies. They usually call for one or two friendly reminders. If the problem continues, there is a formal, verbal warning, then a written warning, and if the employee persists in

violating rules, there would be a suspension and/or dismissal. In violations of more serious rules, fewer steps would be used. It is not easy to communicate this procedure since it should not be so firm that it can be expressed in writing. If it is made clear to employees who violate a rule at the first reminder, the procedure soon becomes understood by all.

9. There should be an appeals procedure when an employee feels you have made an unfair decision. At the very least, the employee should be aware that you are willing to reconsider your own decision at a later time.
 10. Employees should be consulted when rules are set.
 11. There should be recognition for good performance, reliability and loyalty. Negative comments, when they are necessary, will be accepted as helpful if employees also receive feedback when things go well.
9. *Eleven guidelines have been discussed for establishing an atmosphere of positive discipline. In the space below, write key words that remind you of the guidelines.*

Your Answer:

Book Answer

9. *Some guidelines for establishing an atmosphere of positive discipline are:*
1. *There must be rules and standards.*
 2. *Rules must be reasonable.*
 3. *Rules should be clearly communicated to employees.*
 4. *Employees should adhere to established rules.*
 5. *Employees should understand that exceptions may be granted in unusual circumstances.*
 6. *Rules should be enforced on a uniform basis and exceptions to rules should be granted only when similar privileges can be granted in future requests.*
 7. *Employees should be aware that they can voice any dissatisfaction with rules and standards they consider unreasonable, as well as with discomforting and burdensome working conditions.*
 8. *Employees should understand the consequences of rule violation.*
 9. *An appeals procedures should be available when employees consider that rules are enforced harshly.*
 10. *Employees should be consulted when rules are set.*
 11. *Employees should receive positive as well as negative feedback based upon their performance.*
-

No matter how good the atmosphere of positive discipline in your business, rules are bound to be broken, by some people, from time to time. In those situations, corrective action is sometimes necessary. In some rare cases, the violation may be so severe that serious penalties are necessary. If an employee is caught in the act of stealing or deliberately destroys company property, summary dismissal may be necessary. In all other severe cases, a corrective interview is needed to determine the reasons for the problem and to establish what penalty, if any, is appropriate. Such an interview should include all, or most, of the following steps:

1. Outlining the problem to the employee, including an explanation of the rule or procedure that was broken.
2. Allowing the employee to explain his or her side of the story. This step will often bring out problems which need to be resolved to avoid rule violations in the future.
3. Exploring with the employee what should be done to prevent a recurrence of the problem.
4. Reaching agreement with the employee on the corrective action that should be taken.

10. *What are the steps in a corrective interview?*

Your Answer:

Book Answer

10. *The steps in a corrective interview are:*

1. *Outlining the problem to the employee, including an explanation of the rule or procedure that was broken.*
 2. *Allowing the employee to explain his or her side of the story. This step will often bring out problems which need to be resolved to avoid rule violations in the future.*
 3. *Exploring with the employee what should be done to prevent a recurrence of the problem.*
 4. *Reaching agreement with the employee on the corrective action that should be taken.*
-

GRIEVANCE HANDLING

When discipline is based heavily on enforcement, complaints will inevitably arise from too rigid adherence to rules or from excessive penalties for violations. But discipline related problems are not the most frequent sources of grievances. Dissatisfactions leading to grievances can come from almost anywhere. Complaints about discrimination and favoritism in work assignments, work standards, or physical working conditions are frequent sources of grievances. It is important to remember, though, that anything about which an employee is dissatisfied can lead to a serious grievance. Grievances need not necessarily be based on real problems; they can be the result of misunderstandings.

If a positive climate exists, in which there is considerable trust between employees and manager, dissatisfaction rarely turns into grievances.

Even in the best environment though, the people who work for you will occasionally feel unhappy about something. They may not get paid on time, or may feel that the room is too hot, too cold, drafty or too dark. They may feel that they deserve a merit increase, or you may have hurt their feelings inadvertently. When this happens, good personnel policies require that employees know how they can express their dissatisfaction and obtain some consideration.

A written grievance procedure, known to employees, can be very helpful in creating a positive atmosphere. It informs employees how they can obtain a hearing on their problems and it assures that you, the owner/manager, become aware that the problem exists. When employees know that someone will listen to them, grievances are less serious and hearing a complaint carefully often is half the job of resolving it.

A good grievance procedure begins with the manager making it a point to be actively looking for signs of possible sources of dissatisfaction, and by noticing changes in employee behavior which signal that a problem may exist. This often makes it possible to handle a situation when it is still easy to resolve.

Positive and effective grievance prevention requires, besides the positive discipline steps discussed previously, a few steps which will assure that the best possible solution to the problem is found. Such steps could include:

1. Discussion, on a one-to-one basis between the employee and you, or if there is a supervisor, with him or her. Often misunderstandings are cleared up at this point and that ends the grievance. If more than a misunderstanding is involved, a compromise solution can often be found at this point.

There are a number of steps which you, or your supervisor, should follow to assure the best results from such a discussion:

- a. Make sure that the employee is comfortable and that your conversation will not be disturbed. An atmosphere of concern and trust is necessary and these precautions can help to start the discussion on a positive note.

- b. Listen to the employee attentively and hear him or her out. This will help you more clearly understand the entire problem, not only the immediate cause of the dissatisfaction. There is often more than one thing which disturbs an employee and contributes to the problem.
 - c. Explain how you see the situation.
 - d. When all the facts are known, try to come to some mutual understanding or workable compromise. If that is impossible, suggest that you will think about the situation and that the employee should do the same thing. Set a specific date when you will let the employee know what it is that you can, and will, do.
 - e. Follow up on the situation. Make certain that you carry through on all aspects of your decision. If you promised to review something, or to have something fixed, be sure that these really happen. Otherwise employees will not feel that you are sincere with them when you discuss their complaints and dissatisfactions with them.
2. If disagreement continues, employees should be aware that they can bring the subject up again for further discussion or that they can take it to the owner/manager if their initial discussion was with a supervisor.
 3. Some small businesses use the managers of neighboring businesses to serve as mediators in such disputes. If that is done, the business owners agree to help each other in such situations. The "mediator" talks independently to employee and owner and thus brings an impartial point of view to the situation. A competent mediator can make both sides see the situation clearer, and it is therefore more likely that a mutually satisfactory solution can be found.

If a mediator is used, his or her role should be clarified; that function is to explore and seek various possible solutions that might be acceptable to both sides, not to suggest specific solutions.

This section has presented ways to implement a grievance procedure in a small business. There are several positive results of a good grievance procedure:

1. Providing relief for any negative feelings of employees, before these feelings are released in non-constructive ways - being late, not reporting for work, etc.

2. Restoring employee morale by clearing misunderstandings and improving working conditions.
3. Notifying management of any dissatisfactions at an early stage.
11. *What are three possible steps in a good grievance procedure for a small business?*

Your Answer:

12. *What are some positive results of a good grievance program?*

Your Answer:

Book Answer

11. Three possible steps in a good grievance procedure for a small business are:

- 1. Discussion by the employee and supervisor involved.*
 - 2. A review of the problem at a later date when both sides have had a chance to think about the problem.*
 - 3. Use of a respected and impartial outside person as a mediator.*
-

Book Answer

12. Some positive results of a good grievance program are:

- 1. Providing relief for the negative feelings of employees before those feelings are expressed in non-constructive ways.*
 - 2. Restoring employee morale by clearing misunderstandings and improving working conditions.*
 - 3. Notifying the owner/manager of employee dissatisfactions.*
-

COMMUNICATIONS IN THE PERSONNEL FUNCTION

As the manager of a small business you not only have the day-to-day responsibilities of operating the business, but also the responsibility to establish and administer the disciplinary procedure and to effectively handle grievances and complaints. Your actions are the major factor in determining the human relations climate in your firm. Communication provides the "key" to successfully meeting these responsibilities.

Large corporations recognize this responsibility and use many different media to assure that employees understand, and are kept informed of all matters of interest to them. Small businesses often fail to recognize this need, even though, when compared to large organizations, they have a distinct advantage.

It is certainly much easier to communicate with 5, 10, or 100 employees, than with thousands. Yet, in spite of their advantage, many small companies have poor and inadequate communication with their employees.

Part of the problem lies in recognizing what your employees need to know about the work they're doing, and the company itself, and part of it is that owner/managers often believe that they do keep employees informed. The more employees know, the more they feel part of the company.

There are many things on which employees should receive information, either regularly or when the occasion arises. These include:

- o vacation plans
- o holiday plans
- o benefits
- o overtime and other special work schedules and
- o any plans about changes in the work or work environment such as:
 - new products and services
 - moves of furniture or work places
 - etc.

In addition, it is desirable to keep employees informed about matters affecting the company:

- o how it is doing, and where it is going
- o improvements in company operation
- o laws or regulations affecting company operations
- o new contracts
- o new product plans

Employees want to know most everything about their company, and more importantly, matters affecting them; keeping them informed, therefore, satisfies an important need.

There are two channels of communications through which employees obtain information:

1. The informal communications network which includes any conversations you have with individual employees or small groups of employees. The informal network also includes the rumors which spring up when there is concern about something but no direct information.
2. The formal communications network includes such methods or procedures as:
 - a. Any regular meetings you (or your supervisors) may hold with employees to brief them on matters of interest and to discuss anything of concern to the company or to them, including problems with production, standards or rules, as well as any concerns they may have. Such meetings provide considerable feelings of belonging to employees and bring many suggestions on how specific projects, as well as overall operations can be improved.

- b. A small employee manual, which proves useful in the orientation of a new employee to your company, but also serves as a reference on policy benefits, important rules, safety programs and procedures for handling grievances.
 - c. An organized bulletin board with current information. Notices of holidays, changes of shift or work schedules, new policies, emergency telephone numbers and any other information that would prove of interest to employees, can be posted on such a bulletin board. Notice of personal information regarding your employees - congratulations on birthdays, births, marriages - can also be posted.
 - d. Posters promoting safety, health, and good housekeeping procedures can also add to a good communication climate as long as they are kept clean and neat, and changed regularly.
13. *What are some of the matters on which employees should be kept informed and some of the matters on which it is desirable that they receive information?*

Your Answer:

Book Answer

13. 1. *Matters on which employees should be kept informed are:*

- *vacation plans*
- *holiday plans*
- *benefits*
- *overtime and other special work schedules*
- *plans of changes in the work and work environment*
- *new products or services*

2. *Matters on which it is desirable to keep employees informed, include:*

- *how the company is doing*
 - *plans for the future*
 - *new contracts*
 - *new product plans*
 - *laws and regulations affecting company operations*
-

14. *Describe the two means of communication.*

Your Answer:

GOVERNMENTAL REGULATIONS

Personnel policies must give appropriate consideration to the federal and state laws which regulate employment.

1. Most important of these are the Fair Labor Standards Act which specifies hours of work, and other conditions for hourly paid employees including:
 - a. maximum hours which may be worked without a meal break
 - b. hours for which overtime rates must be paid
 - c. conditions of employment of minors

Businesses sometimes innocently violate these laws or regulations out of ignorance of the specifics by asking employees to work longer hours, by asking them to attend classes after hours, or by paying salary instead of hourly rates to certain occupations which are covered by the laws. Such violations can bring heavy penalties.

Occupations which are not covered and are called exempt, include bona fide professional, supervisory and managerial positions whose functions are listed in the laws. To avoid mistakenly considering a position as exempt, you should consult your attorney or accountant when classifying a position as salaried.

2. Minimum wage laws specify the minimum rate which full time employees must be paid.
3. The Federal Occupational Safety and Health Act (OSHA) specifies many safety and health requirements to which every business must adhere. In addition, the local health and fire department regulations must be observed.

It may be good practice to ask these two departments to review your operation and to recommend any changes that may be desirable to assure you of full compliance with regulations. This is especially desirable when you plan to make renovations or layout changes.

Book Answer

14. The two means of communication are described as:

1. Informal communication includes the casual contacts with individual employees and small groups, as well as the rumors which exist when other information is inadequate.
 2. Formal communications, which can include:
 - regular meetings
 - an employee manual
 - an organized bulletin board
 - posters
-

4. Labor laws specify your rights and those of your employees with respect to unionization and collective bargaining. They assure protection to employees for their right to organize and to bargain collectively with you, their employer. If you believe that your employees may wish to form or join a union, consult your attorney to advise you on the way you should proceed, regardless of whether you plan to welcome or oppose such action.
5. Equal Employment Opportunity laws are discussed in Booklet 1, Basic Personnel Management Tools. They concern the rights of employees and job candidates to equal consideration for employment, promotion and other employment aspects without consideration of race, creed, sex or age.
15. What federal and state laws and regulations affect personnel policies?

Your Answer:

ON-THE-JOB ASSIGNMENT

Review all personnel policies and decide which, if any, should be improved, and how. Be sure to consider:

Administrative procedures relating to:

- o work hours
- o the work environment
- o payroll
- o benefits

Supervisory practices as they relate to:

- o the needs of people
- o work assignments
- o delegation

Disciplinary procedures

Grievance handling

Communication

- o informal
- o formal

Governmental regulations

Book Answer

15. *The federal and state laws and regulations which affect personnel policies are:*

- *Fair Labor Standards Acts*
 - *minimum wage laws*
 - *the Occupational Safety and Health Act and local health and fire department regulations*
 - *labor laws*
 - *Equal Employment Opportunity laws*
-